

## REMARKS/ARGUMENTS

Claims 1-4, 8, 10-15, 17-21, 23, 26, 30-35, 39, 41-43, 46, and 49-51 are pending in the application. Claims 18-21 and 23 are objected to for informalities; and claims 1-4, 8, 10-15, 17-21, 23, 26, 30-35, 39, 41-43, 46, and 49-51 stand rejected as obvious under 35 U.S.C. § 103(a). The rejection is respectfully traversed and reconsideration is requested. The references asserted do not teach or suggest the claimed invention.

### *Claim Amendments*

The amendment of claims 18, 21, and 23 changes dependency to independent claim 1.

### *Claim Objections*

The foregoing amendment of claims 18, 21 and 23 addresses the failure to adjust all claims depending on claim 16 upon the cancellation of claim 16.

### *Claim Rejections - 35 U.S.C. § 103(a)*

Claims 1, 11-15, 17-20, 30-35, 42, 43, 50 and 51 stand rejected as obvious over Hawkins (U.S. Patent No. 6,247,000); claims 2-4, 8, 10, 26, 39, 41, 46 and 49 stand rejected as obvious over Hawkins in view of Harris (U.S. Patent No. 5,517,406); and claims 21 and 23 stand rejected as unpatentable over Hawkins in view of Josephson (U.S. Patent No. 5,689,579). The rejection is respectfully traversed and reconsideration is requested.

Regarding independent claims 1 and 35, the Examiner considers that Hawkins teaches each and every element of independent claims 1 and 35, except allowing the fund manager and the custodian to predefine matching rules for the respective account records independently of one another, which the Examiner considers to be obvious “in order to develop an efficient automated system for reconciling securities account records between a securities custodian and a fund manager.”

On the contrary, while independent claims 1 and 35 propose a method and system, respectively, for reconciliation of fund manager and custodian account records, Hawkins discloses a method and system for matching brokers' orders and confirmations. See, e.g., Hawkins, Col. 7, lines 18-30. Instead of receiving a fund manager's account record from a fund manager and a custodian's account record from the custodian, as recited in claims 1 and 35, according to Hawkins, an originating broker's order is received and associated with the broker's delivery instructions and both are sent to an executing broker, who fills the order and sends a confirmation message back to the server. See, e.g., Hawkins, Col. 9, lines 15-49.

As conceded by the Examiner, Hawkins fails to disclose automatically comparing the account records by a computer application according to predefined matching rules, which the fund manager and the custodian are allowed to predefine independently of one another, for at least one item of account data consisting of one or more of account number, security identification, units, unit cost, total cost, unit price, and total market value to identify one of matched and unmatched first and second account records, as recited in claims 1 and 35, which the Examiner considers to be obvious "based on the disclosures of Hawkins".

Alleging that it would be obvious to modify Hawkins' method and system for matching brokers' orders and confirmations, the Examiner cites as the sole advantage "in order to develop an efficient automated system". In view of this alleged advantage, the Examiner reasons that "it would have been obvious for an ordinary practitioner of the art...based on the disclosures of Hawkins to include the step of allowing the fund manager and the custodian to predefine matching rules for the respective account records independently of one another".

The Examiner has failed to establish a *prima facie* case of obviousness. On the contrary, the Examiner's reasoning represents a case of impermissible hindsight reconstruction, in which the Examiner's finding of a motivation to modify Hawkins

rests on a generalized statement of an advantage without regard to the desirability or the feasibility of modifying Hawkins.

The Examiner's assertion pertaining to the advantage of modifying Hawkins' broker order and confirmation matching system to include comparing account records according to predefined matching rules which a fund manager and a custodian are allowed to predefine independently of one another, as recited in claims 1 and 35, advanced by the Examiner for the purpose of showing motivation for the proposed modification, is set forth without any supporting citations to relevant portions of either Hawkins or any other authority.

For example, the Examiner's allegation that the modification of Hawkins would have been obvious "in order to develop an efficient automated system for reconciling securities account records between a securities custodian and a fund manager" is made axiomatically in justifying the modification Hawkins, but the Examiner has not identified in the record any source of information—either from the references cited or otherwise—from which the Examiner bases his assertion of advantage.

Moreover, the modification of Hawkins proposed by the Examiner would render the Hawkins method and system for matching broker's orders and confirmations unsatisfactory for its intended purpose. It is well settled that if the proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. In re Gordon, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984).

According to Hawkins, when an executing broker downloads an originating broker's order message with the originating broker's standing delivery instructions (used by the clearing agents to settle the trade) and fulfills the order, the executing broker sends a confirmation message to the server, and if the executing broker's and the originating broker's messages match, the system develops a time-stamped

message notification that the transaction was completed. See, e.g., Hawkins, Col 9, line 5-Col 10, line 7.

Further, according to Hawkins, the server matches the executing broker's confirmation against the originating broker's order "in the background without user intervention". See, Hawkins, Col. 15, lines 29-33. Additionally, the matching process in Hawkins is performed according to matching rules dictated by the system, i.e., "MT52x (SWIFT message) settlements are matched with MT518 (SWIFT message) confirms and MT592 (SWIFT message) cancel settlements are only matched with previously matched MT518 confirms." See, e.g., Hawkins, Col. 23, lines 4-15.

It is readily apparent that the Examiner's proposed modification of Hawkins to allow the originating and executing brokers to predefine the matching rules independently of one another, as recited in claims 1 and 35, would render Hawkins' broker order and confirmation matching system completely inoperable for its intended purpose. For example, under the Examiner's proposed modification of Hawkins, an originating broker could never be certain that his/her order was fulfilled by the executing broker strictly according to the terms of the order, if the order was matched with the executing broker's confirmation according to matching rules independently defined by the executing broker. It is equally apparent that, under Examiner's proposed modification of Hawkins, the executing broker could never be certain that fulfilling the originated broker's order strictly according to its terms would result in a completed transaction, if the executing broker's confirmation was matched with the order according to matching rules independently defined by the originating broker.

Harris et al. do not cure the deficiencies of Hawkins. On the contrary, Harris discloses an automated 401k trade processing system that interfaces omnibus customer trade transactions from a record keeping system to a transfer agent which executes the customer trade transactions and sends a trade-execution confirmation file to a host processor. See, e.g., Harris, Col. 1, lines 26-33 and Col. 16, Col. 16, lines 33-37. According to Harris, the host processor uses the trade-execution confirmation file in

processing a mismatch report, i.e., if the transfer agent calculated a more favorable discount level that changed the price of the trade, or a higher commission than anticipated, or if there is a difference in the transfer agent's Letter of Intent amount, the host system generates a "mismatch" file. See, e.g., Harris, Col. 9, lines 11-38. There is no teaching or suggestion whatsoever in Harris of matching rules, much less of allowing a fund manager and a custodian to predefine matching rules, as recited in amended claims 1 and 35.

Josephson likewise fails to cure the deficiencies of Hawkins and/or Harris. On the contrary, Josephson discloses a check processing system that reads magnetic ink characters, such as account number, ABA routing number, process control or serial number, auxiliary on-us or serial number, and external process code, printed on paper checks and bank deposit slips. See, e.g., Col. 4, lines 9-50. According to Josephson, system code directs the processing system to match the magnetic ink characters printed on checks to an electronic record according to system dictated matching rules, including an allowed number of character deviations in the fields, an allowed substitution of characters in the fields, or a pattern or sequence of adjoining records. See, e.g., Josephson, Col. 4, lines 9-50; Col 8, line 61-Col. 9, line 8; and Col. 11, line 59-Col. 12, line 1-59. There is likewise no teaching or suggestion whatsoever in Harris of allowing a fund manager and a custodian to predefine matching rules independently of one another, as recited in amended claims 1 and 35.

Consequently, Hawkins, Harris, and or Josephson, either separately or in combination with one another, do not disclose or even suggest the required combination of limitations of independent claims 1 and 35 of Applicants' claimed method and system for reconciliation of fund manager and custodian account records. Because the cited references, either alone or in combination with one another, fail to teach or suggest all of the limitations of independent claims 1 and 35, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of

obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03.

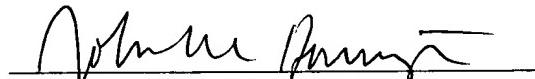
The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 and 35 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-4, 8, 10-15, 17-21, 23, 26, and 30-34 that depend on claim 1 and claims 39, 41-43, 46, and 49-51 that depend on claim 35, and which recite further specific elements that have no reasonable correspondence with the references.

### Conclusion

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the Examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The Examiner is respectfully invited to telephone the undersigned at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

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